



International Acquisition & Exportability

Fundamentals

Overview

Topics

- **Security Cooperation**
- **Int'l Acquisition Forms and Mechanisms**
- **Technology Security & Foreign Disclosure**
- **Defense Exportability**

International Acquisition & Exportability (IA&E)





Security Cooperation

All DoD interactions with foreign defense

establishments to **build defense relationships**

that promote specific US **security interests,**

develop allied and friendly **military capabilities** for self defense and

Security Cooperation is a DoD Term (Joint Pub 1-02)
multinational operations, and provide



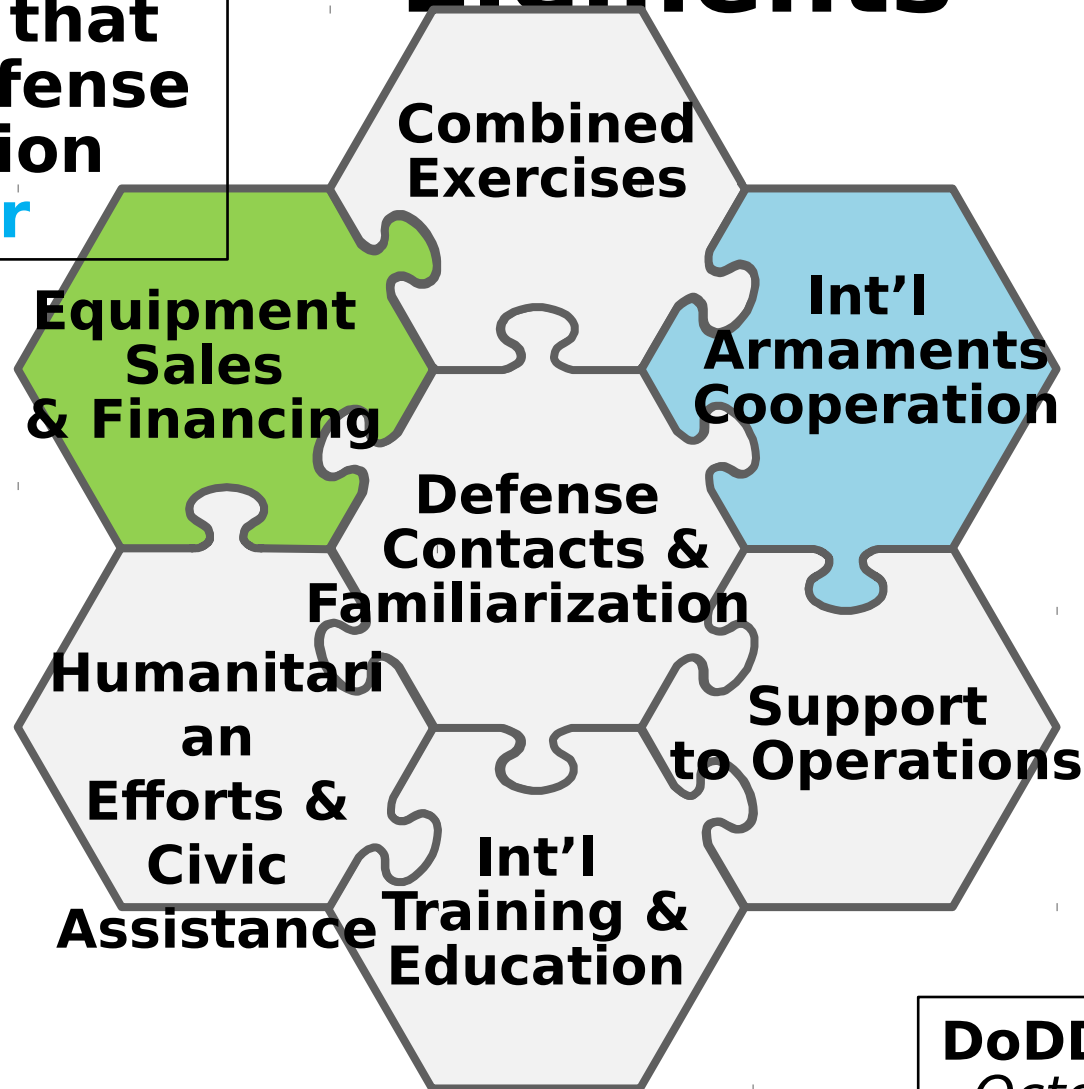
Security Cooperation Elements





Security Cooperation Elements

**Elements that
involve defense
acquisition
in color**



DoDD 5132.03
October 2008

Major Legislation

Title 22 Legislation

- **Arms Export Control Act (AECA)**
 - Foreign Military Sales (FMS)
 - Direct Commercial Sales (DCS)
 - Cooperative Programs
- **Foreign Assistance Act (FAA)**
 - Grant Aid
 - International Military Education and Training (IMET)
 - Excess Defense Articles (EDA)



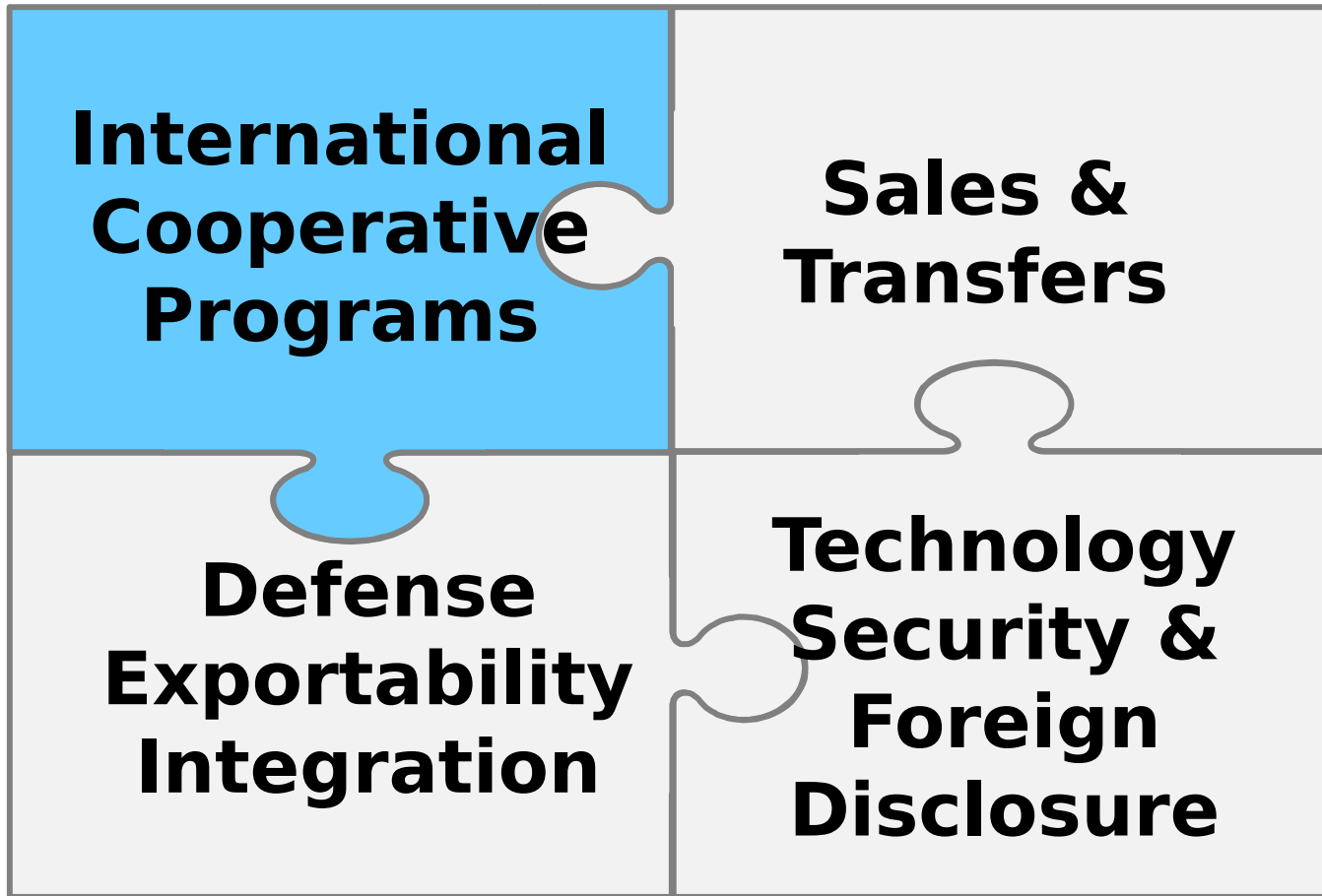
Title 10 Legislation

- Building Partner Capacity (BPC)
- Cooperative RDT&E
- Acquisition and Cross Servicing Agreements (ACSAs)





International Acquisition & Exportability (IA&E)





International Armaments Cooperation (IAC)

- **Cooperative research, development, and acquisition projects and programs**
- **Enabling Programs**
 - **Personnel exchange (ESEP & APEP)**
 - **RDT&E Information Exchange Program (IEP)**
 - **International Cooperative R&D (ICR&D) program**
 - **Coalition Warfare Program (CWP)**



International Cooperative Programs (ICPs)

Scope

- DoD concludes about ~30 international agreements/year for ICPs
- Most agreements are for S&T or early R&D projects
- Some agreements for cooperation on a “piece” of a program
- Limited number of fully cooperative major system development/producti

Major System Examples

- F-35 Joint Strike Fighter (JSF)
- NATO Alliance Ground Surveillance (AGS)
- Rolling Airframe Missile (RAM)
- Evolved SeaSparrow Missile (ESSM)
- Multifunctional Information Distribution System (MIDS)

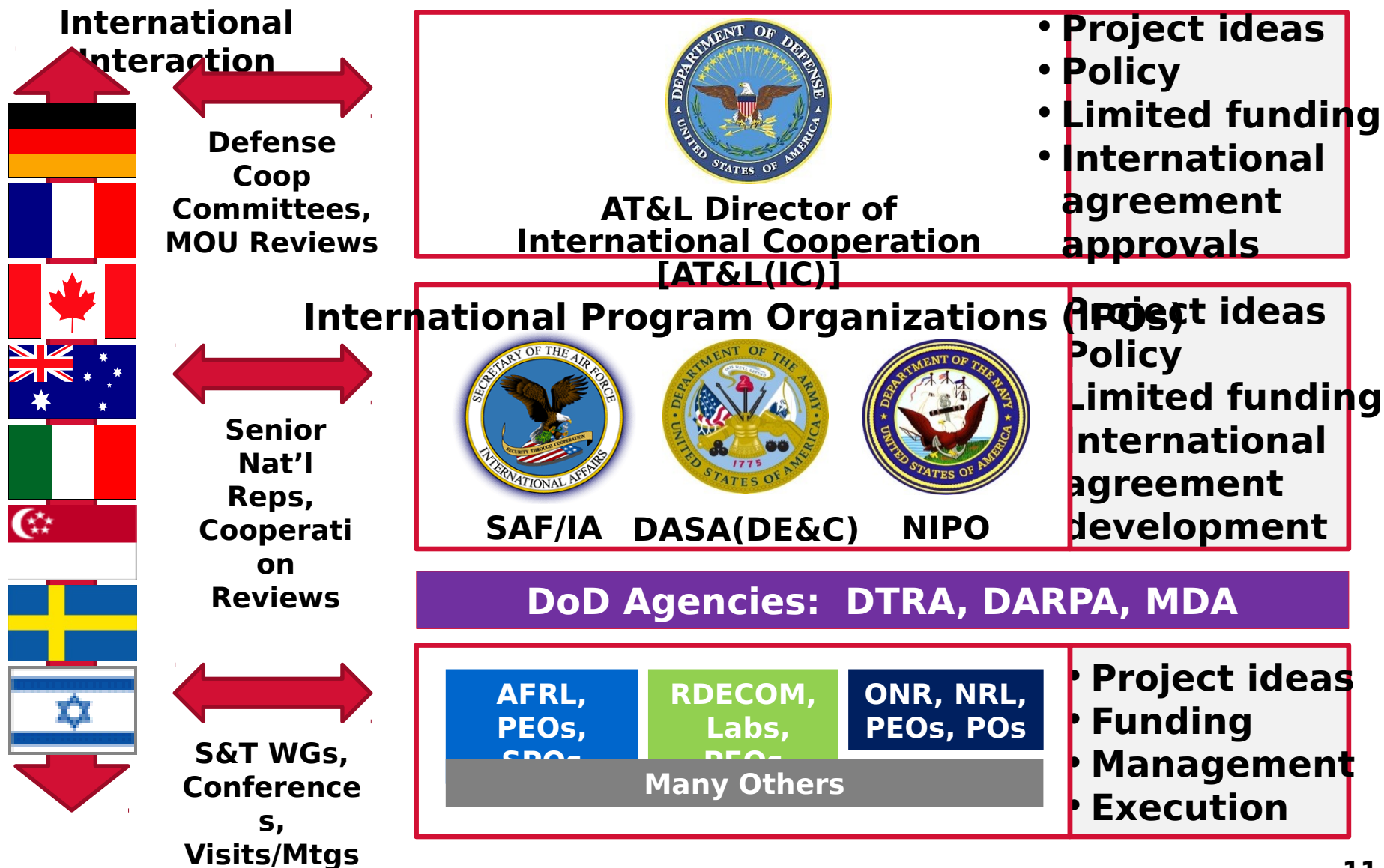


The Nature of ICP International Agreements

- **Each IA is unique**
- **Not a Treaty, but much more than an international handshake**
- **An Executive Department Agreement that may have a Congressional reporting requirement**
- **Legally binding for the U.S.**
- **Enforceable through mutual agreement (no arbitration)**
- **Reciprocal**

IAC & ICP

Key Players & Processes

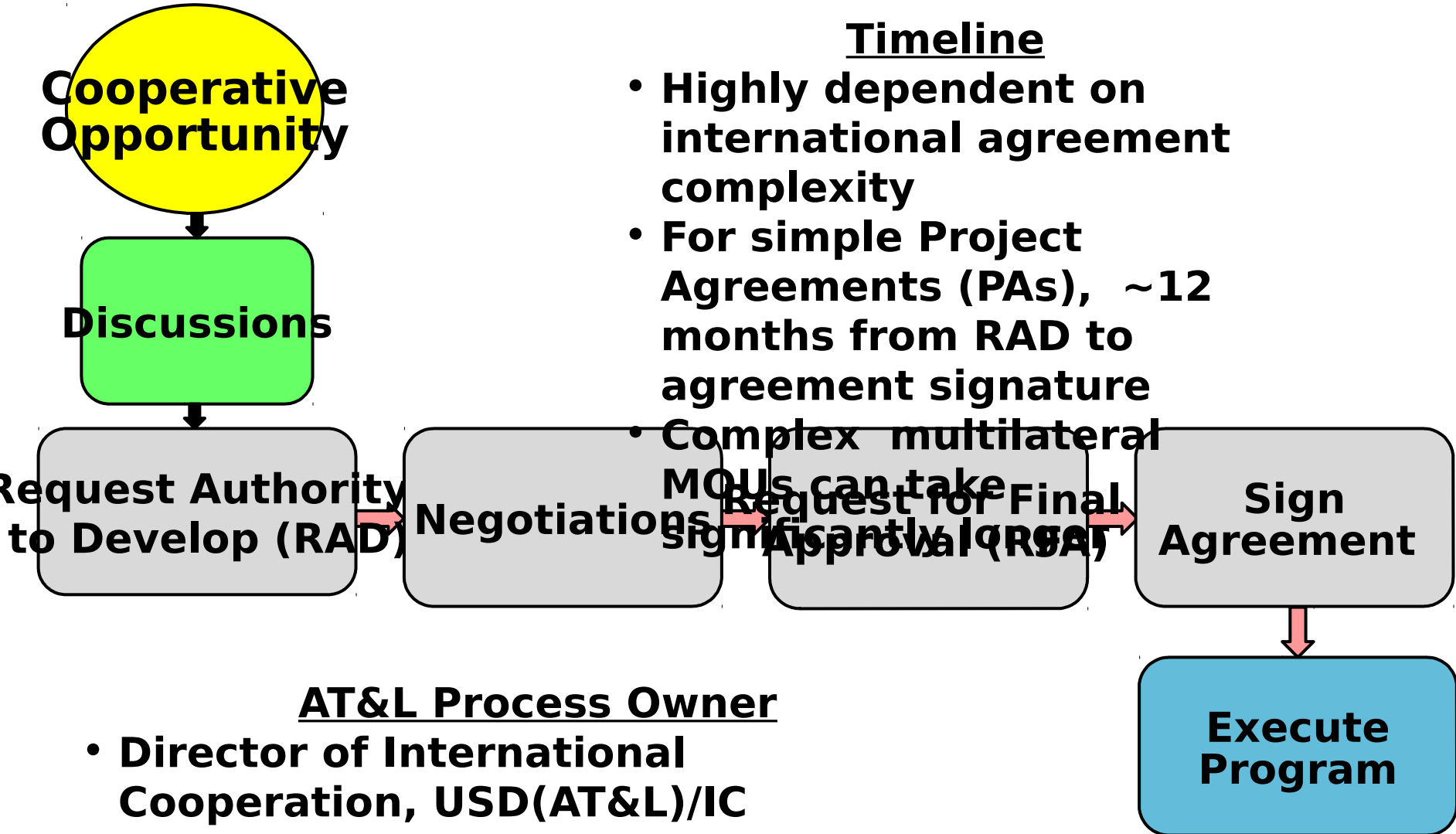




AT&L ICP Agreements Process

Timeline

- Highly dependent on international agreement complexity
- For simple Project Agreements (PAs), ~12 months from RAD to agreement signature
- Complex multilateral MOUs can take significantly longer



AT&L Process Owner

- Director of International Cooperation, USD(AT&L)/IC
- Responsible for international cooperation policy & providing



ICPs Vs. Defense Sales

ICPs

(Partnerships)

Flexible

**Bilateral or
Multilateral**

**Foreign Gov't is
Partner**

Joint Requirement

**Both Gov'ts Are End
Users**

Both Gov'ts Fund

Terms are Negotiable

Both Participate in

DEFENSE SALES

(Buyers-Sellers)

Rigidly Structured

Bilateral Arrangement

**Foreign Gov't is
Customer**

**Foreign Gov't
Requirement**

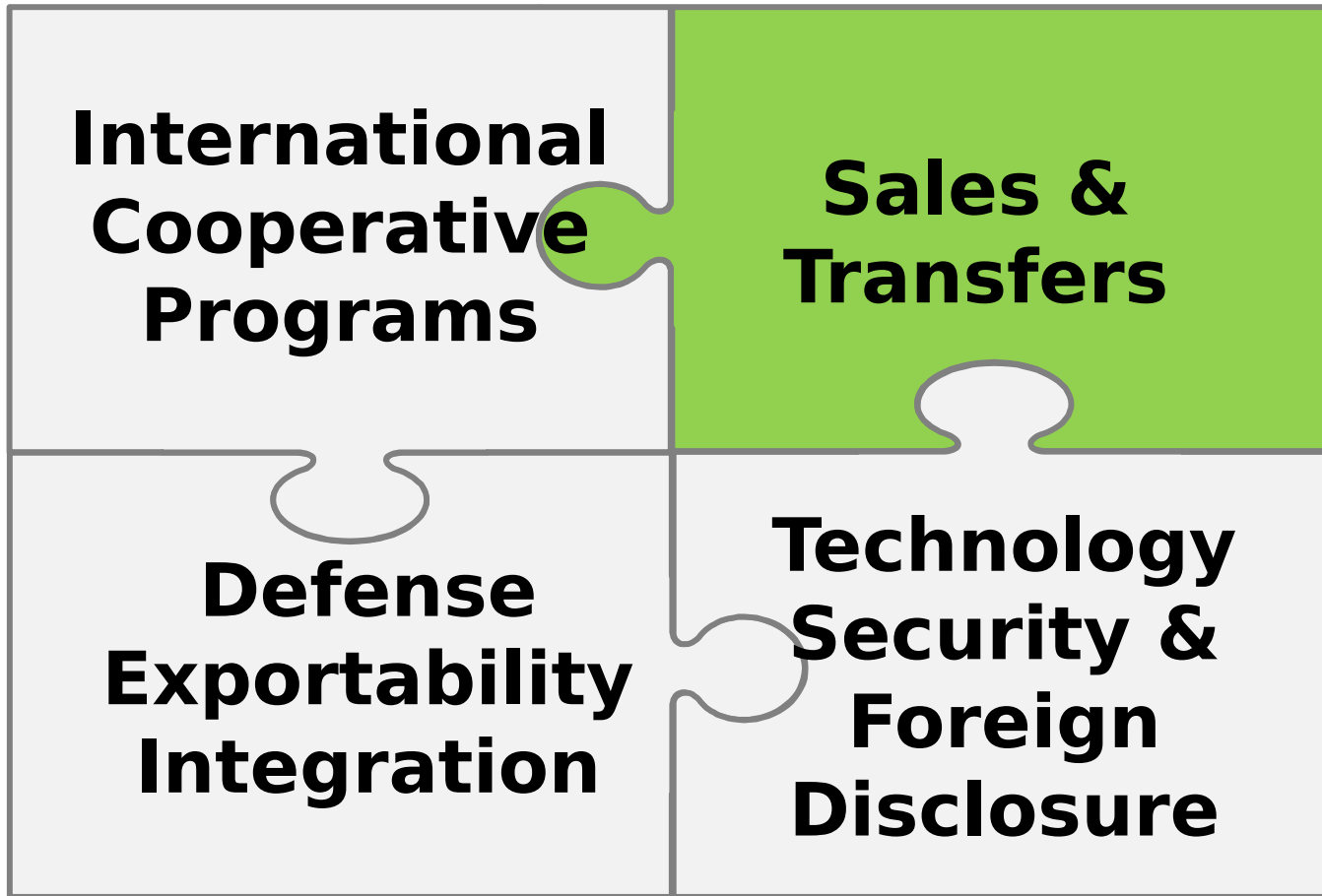
Foreign Gov't End User

Foreign Gov't Funds

U.S. Sets Terms (LOA)



International Acquisition & Exportability (IA&E)





Security Assistance Programs

**Security Assistance
is a
State Department-
led**



**effort primarily
Program Administration Responsibilities
Implemented by DoD**

Department of Defense

- Foreign Military Sales (FMS)
- Foreign Military Financing Program (FMFP)
- Int'l Military Education & Training (IMET)
- Foreign Military Construction Services (FMCS)
- Leases
- Drawdowns

Department of State

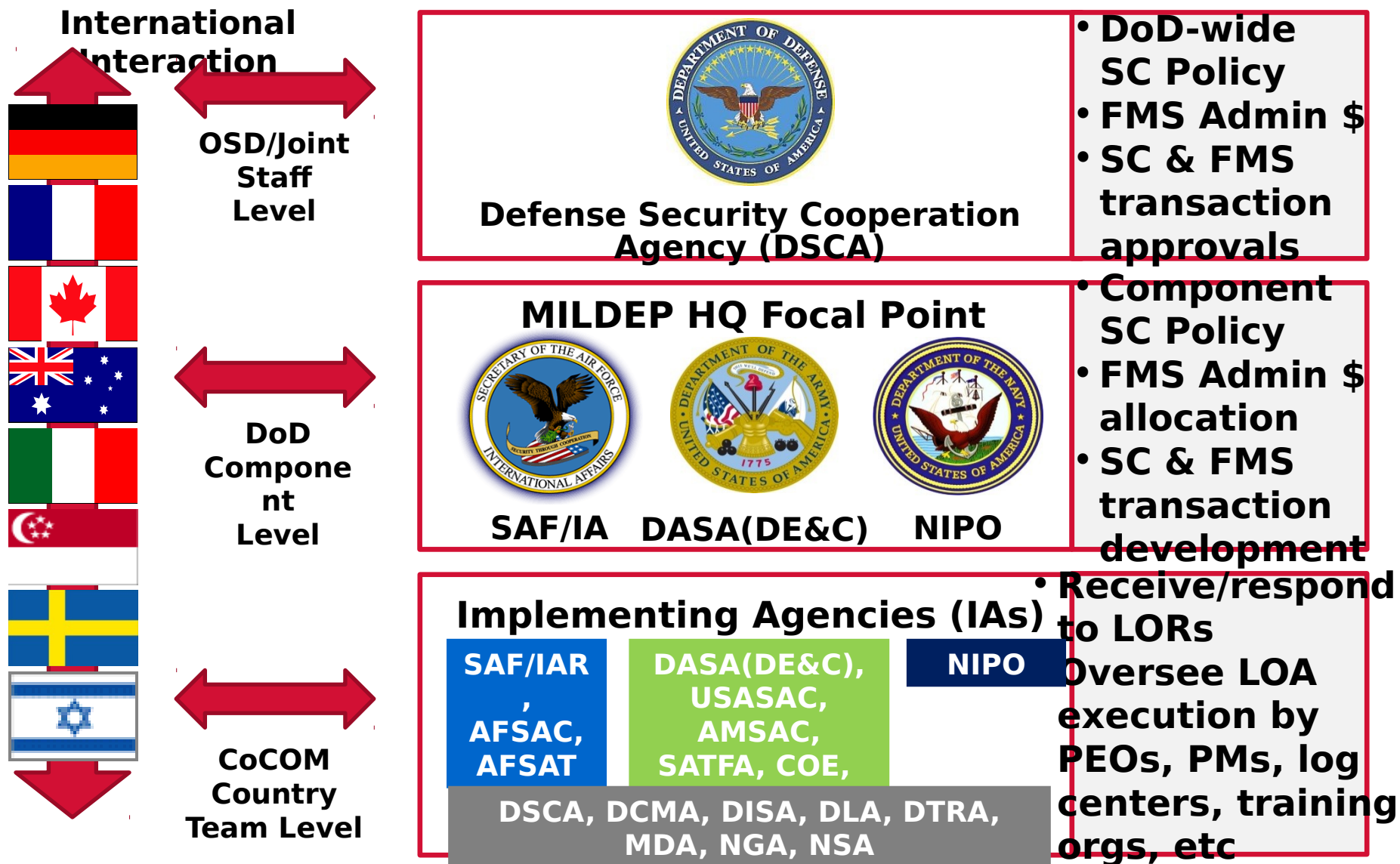
- Peacekeeping Operations
- Int'l Narcotics Control & Law Enforcement
- Nonproliferation, Antiterrorism, Demining, and Related (NADR)

US Agency for Int'l Development

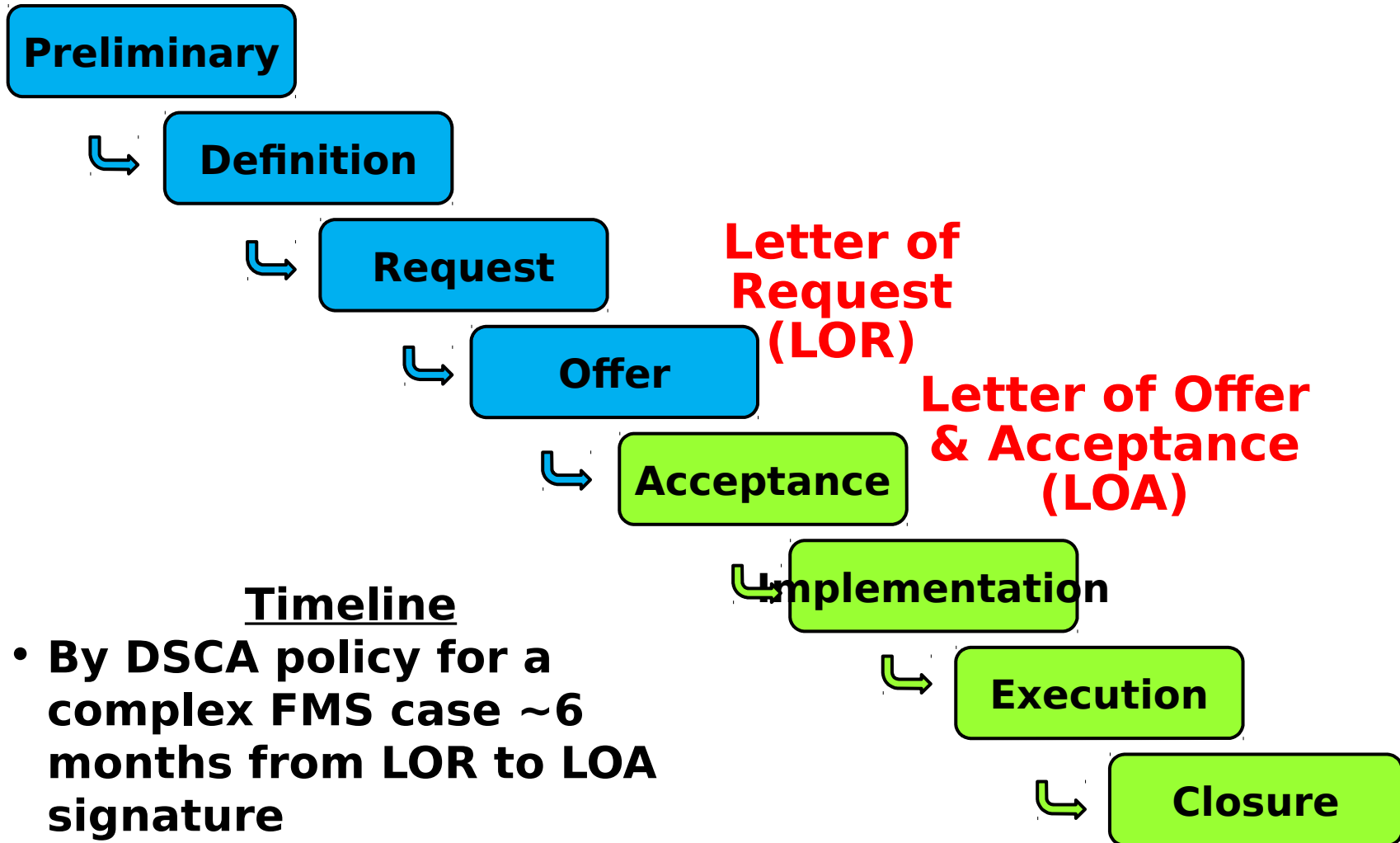
- Economic Support Fund (ESF)

FMS & BPC

Key Players & Processes



FMS Process



Timeline

- By DSCA policy for a complex FMS case ~6 months from LOR to LOA signature
- Many variables - cycle time often longer



Direct Commercial Sales (DCS)

- **Sale of defense articles, services, or training made or provided by U.S. defense industry to a foreign entity**
- **Not administered by DoD and do not involve a government-to-government agreement**
- **Foreign entity contracts directly with U.S. company**
- **USG control procedure is accomplished through licensing**



FMS vs DCS vs Hybrid

- DoD is generally neutral whether a foreign country purchases through FMS or DCS
- Certain items can be designated FMS only; based on complexity, sensitivity, interoperability, relationships
- Most major system DCS programs will have an FMS companion effort for

Many EW system international sales are “hybrid programs” due to classified aspects of system software functionality



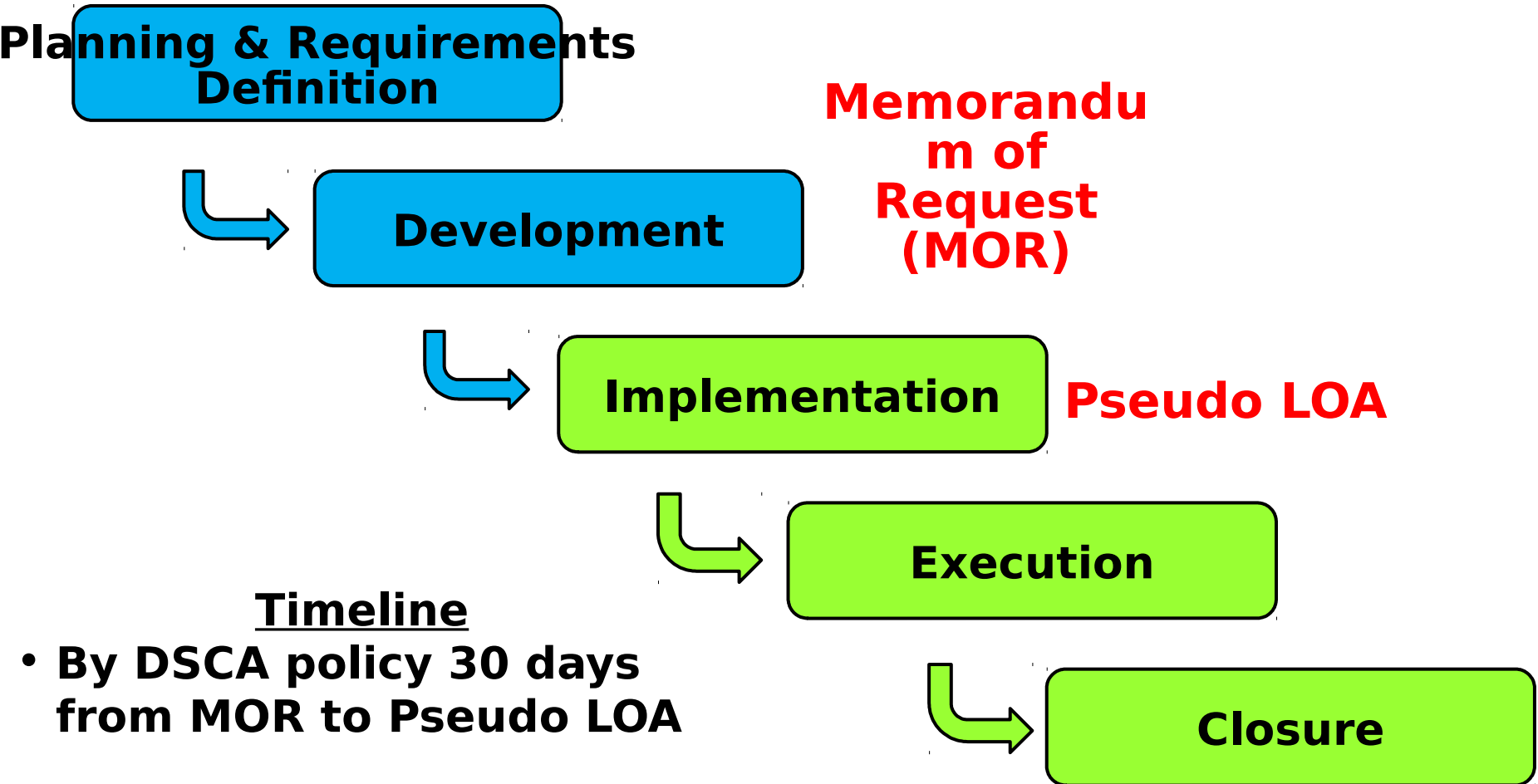
Building Partner Capacity (BPC)

- **Title 10, DoD Security Cooperation programs executed through the FMS infrastructure**
- **Differences from traditional FMS**
 - **USG Requesting Authority identifies requirement**
 - **Funded by the USG**
 - **“Pseudo”-LOAs are not signed by country**
 - **Title transfers in country**

of programs and BPC policies are contained in Chapter 15 of the multiple legal authorities

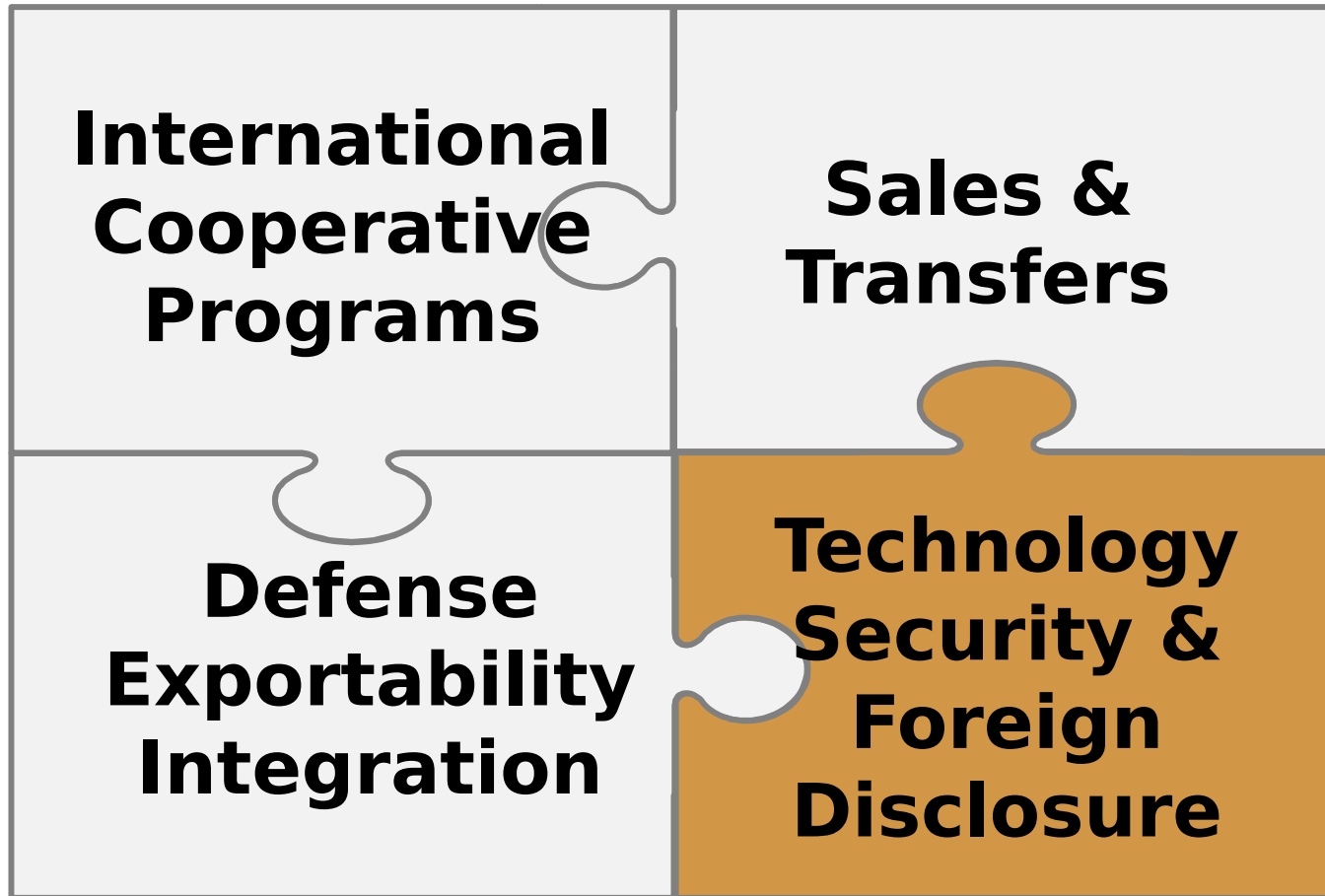


BPC Case Process

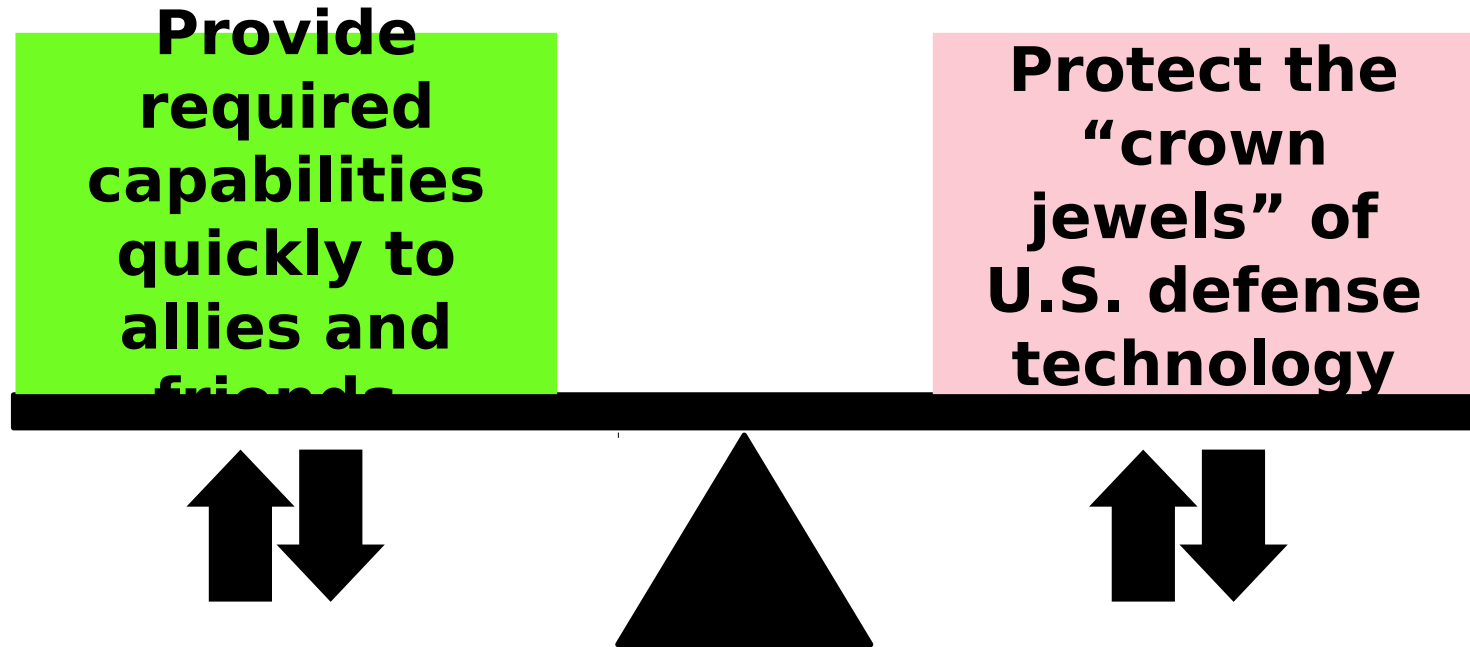




International Acquisition & Exportability (IA&E)



The Dilemma



How can the USG/DOD best balance these two competing demands?



TSFD and Export Control Basics

Fundamental Security Considerations

Access + Protection

Release Conditions

- Not transfer or use for other purposes without U.S. consent
- Provide substantially the same degree of protection as U.S.

Type of Authorizations

TSFD

**DoD
Intel Community
Interagency**

**Disclosure
Authorizations**

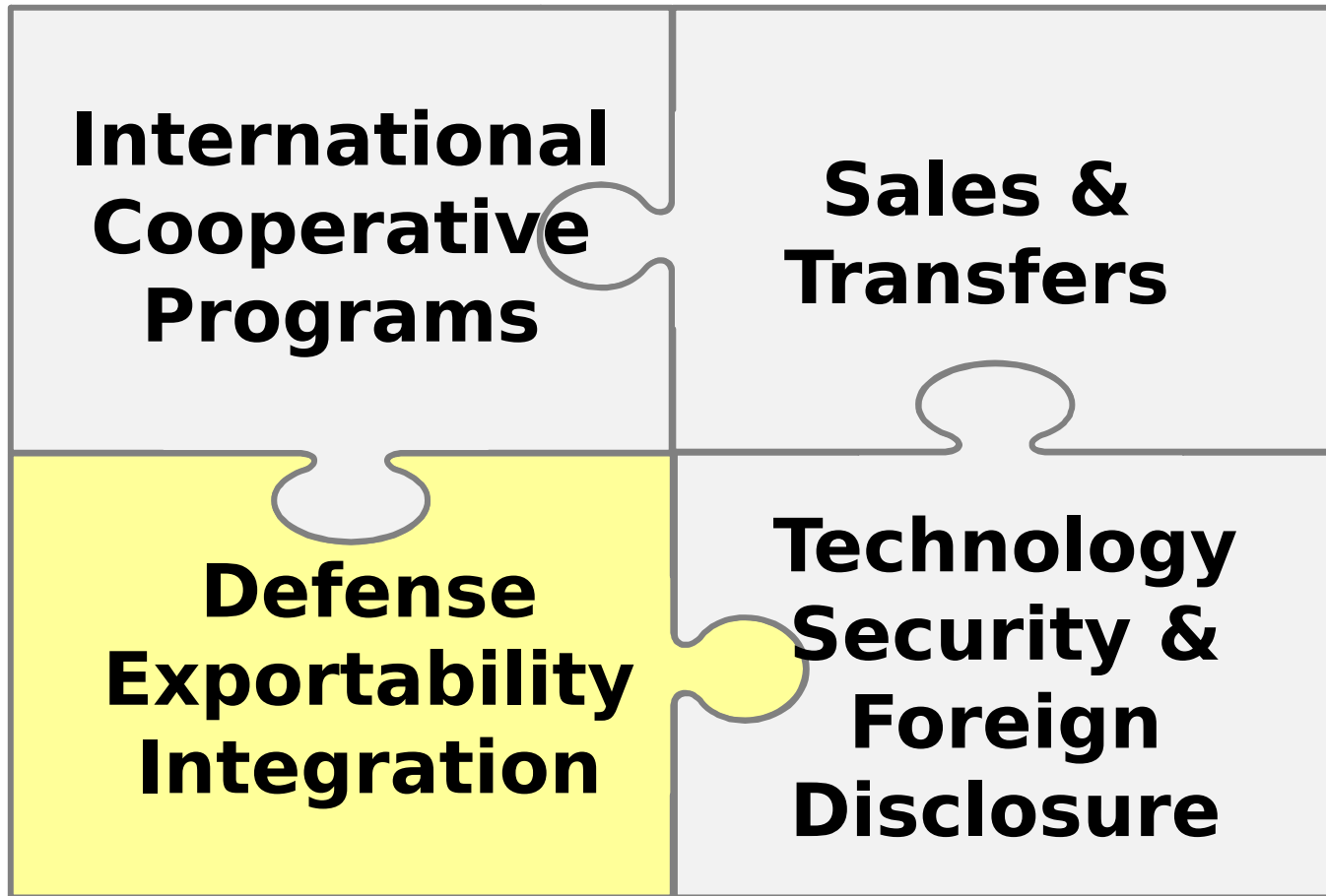
**DoD
Interagency**

**Export
Control**

**State & Commerce
DoD
Interagency**



International Acquisition & Exportability (IA&E)





Designing for Exportability

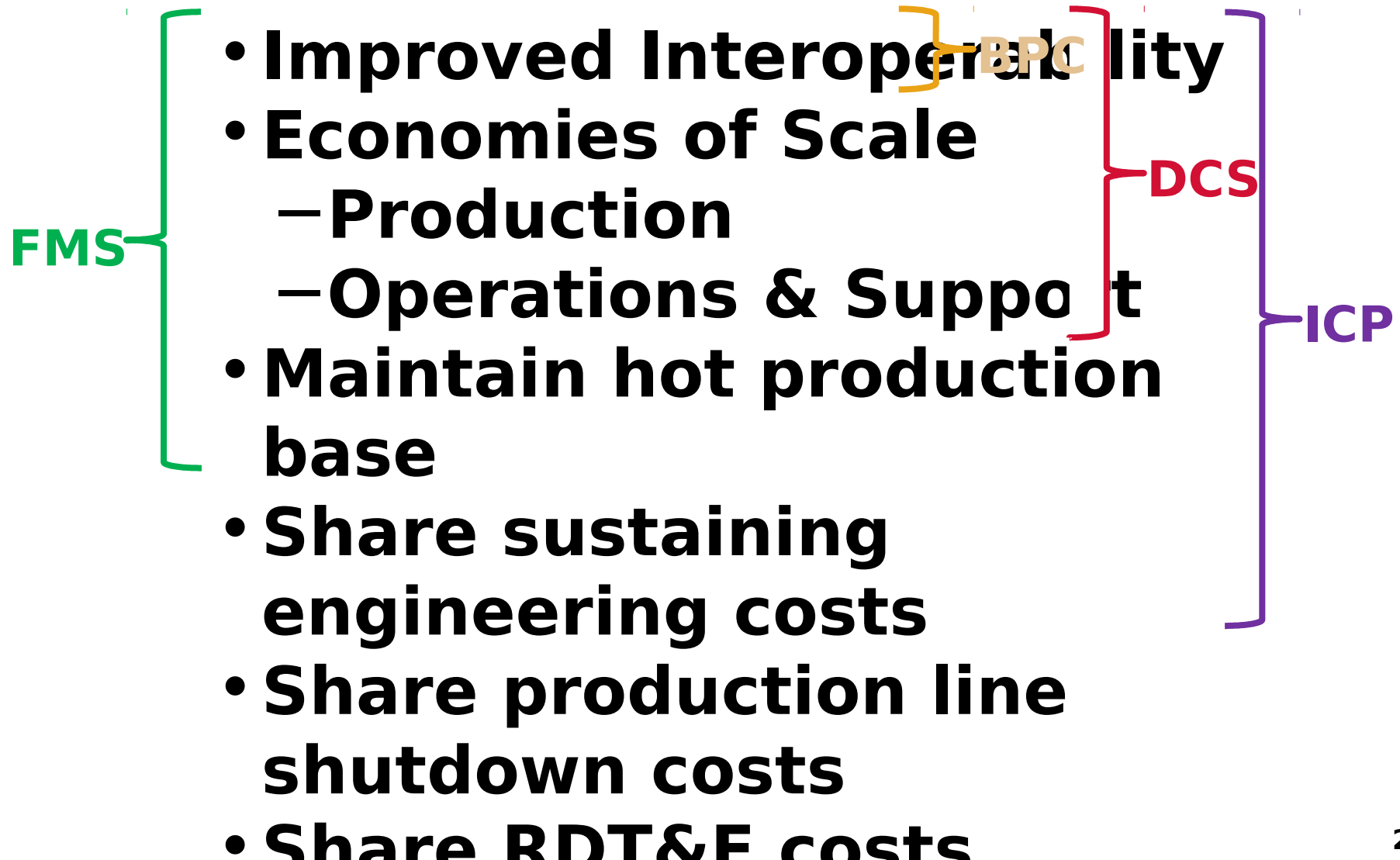
<u>Past</u>	• Launch customer paid for technology security modifications to DoD configuration • Expensive and time consuming mods inhibit foreign sales
<u>Present</u>	• Defense Exportability Features (DEF) Pilot Program authorized by Congress in FY11 and subsequent Nat'l Defense Authorization Acts • OSD and the MILDEPs have selected 15 programs to participate as DEF Pilot Programs • Authorizes expenditure of DoD funds to evaluate exportability and facilitate
<u>Why</u>	• Improves protection of Critical Program Information (CPI) and critical functions using Anti-Tamper (AT)/Cyber measures • Reduces overall DoD and foreign program protection costs

What are the major benefits of International Acquisition Programs?





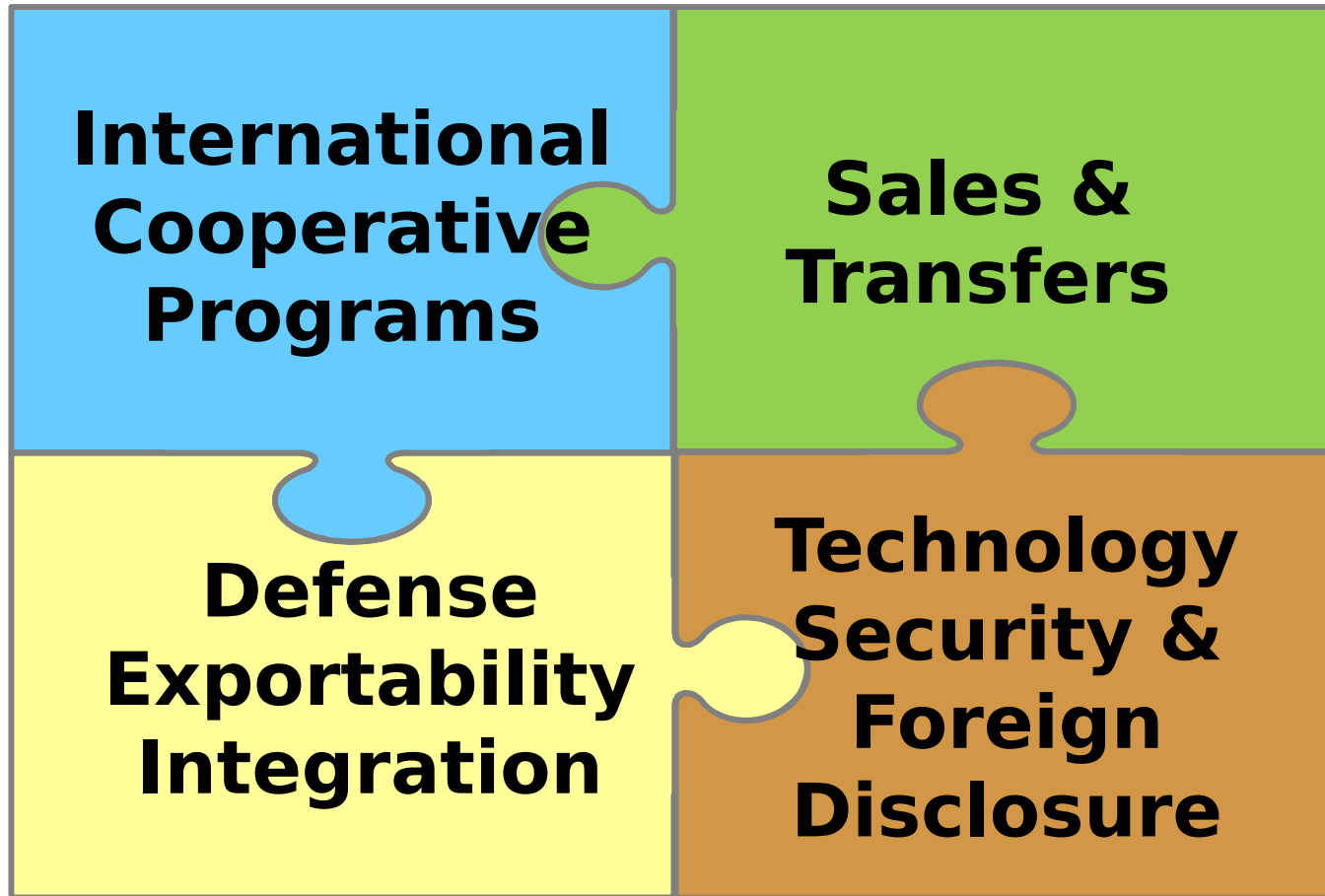
International Acquisition Benefits





International Acquisition & Exportability (IA&E)

DoDI 5000.02 and DAU Training

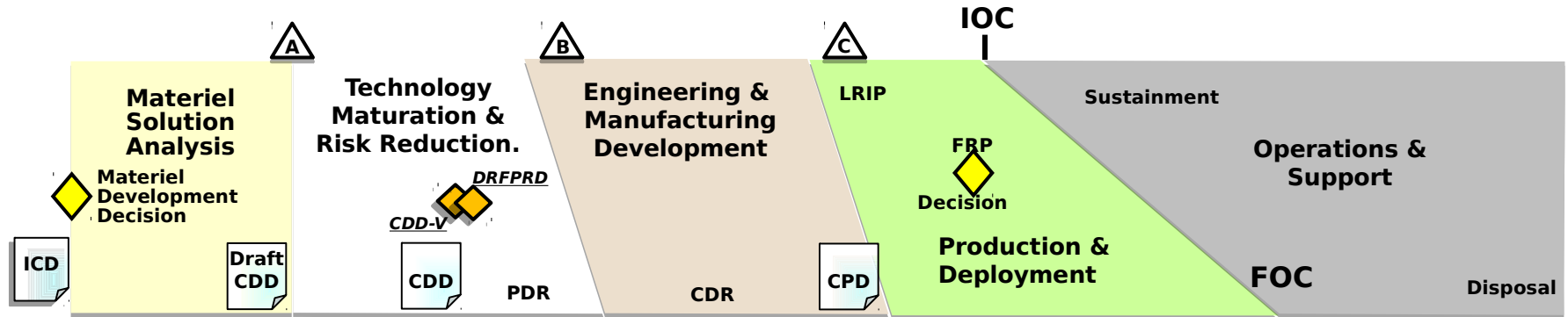


Goal = Improve Int'l Acquisition Outcomes!

Handouts



Defense Exportability Activities



Activities Require MDA Approval

Exportability Assessment	Exportability Feasibility Studies	Exportable Designs	Exportable Version Production	Exportable Version Depot & Spares
• Projected sales • Technology complexity	• Conducted with program contractor • Included in TMRR contract • Funded by program or DEF PE • Industry provides 50%	• Funded by program, cooperative program or customer, or industry (or combination) • May be multiple configurations	• Funded by customer • May be multiple configurations	• Funded by customer

Comparisons

	International Cooperative Programs	Foreign Military Sales (FMS)	Direct Commercial Sales (DCS)	Building Partner Capacity (BPC)
Legal Authority	AECA Section 27 & 10 U.S.C. 2350a	AECA Sections 21 and 22	AECA Section 38	National Defense Authorization Acts
DoD Oversight	OUSD(AT&L)	OUSD (Policy); DSCA	OUSD (Policy); DTSA	OUSD (Policy); DSCA
Primary Regulations	DoDD 5000.01 & DoDI 5000.02	Security Assistance Management Manual (SAMM)	International Traffic and Arms Regulations (ITAR)	SAMM
Relationship	Partner	Buyer-seller	Buyer-seller	Provider-receiver
Form of Agreement	International Agreement	Letter of Offer and Acceptance (LOA)	State Department export license & commercial contract	Pseudo-LOA (not signed by foreign country)
Requirement	Mutual	Foreign customer (Letter of Request – LOR)	Foreign customer	DoD determined (Memorandum of Request – MOR)
Funding	Equitably shared	Foreign customer	Foreign customer	DoD
Program Management	Joint	DoD Implementing Agency (IA)	Foreign customer	DoD IA
Contract Privity	Partner nations and industry	DoD IA and industry	Foreign purchaser and U.S. industry	DoD IA and industry
Risks	Equitably shared	Foreign customer	Foreign customer	DoD
Production Cooperation	Cooperative production	Coproduction	Licensed production	N/A